



AGENDA DATE: 12/20/00  
AGENDA ITEM: 7D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*

**CABLE TELEVISION**

IN THE MATTER OF THE APPLICATION OF )  
COMCAST CABLE COMMUNICATIONS, )  
INC. FOR ISSUANCE OF A DECLARATORY )  
RULING OR, IN THE ALTERNATIVE, FOR )  
APPROVAL, NUNC PRO TUNC, OF CERTAIN )  
TRANSACTIONS )

**ORDER**

**DOCKET NO. CF00090661**

Dennis C. Linken, Esq., Stryker, Tams & Dill, Newark, New Jersey on behalf of Comcast Cable Communications, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim, Supervising Accountant, Julie Huff, Accountant II, Office of the Economist, on behalf of the Staff of the Board of Public Utilities

**BY THE BOARD:**

On September 14, 2000, Comcast Cable Communications, Inc. (Comcast), a Delaware corporation, filed a petition requesting a declaratory ruling from the New Jersey Board of Public Utilities (Board) that the Board's approval of Comcast's mergers, public debt consolidation and bank debt refinancing is not required. In the alternative, should the Board determine that its approval is required, Comcast respectfully requests approval, nunc pro tunc, of the said transactions.

Pursuant to N.J.S.A. 48:5A-42, no cable television company may, without Board approval, issue any stocks, bonds, notes or other evidence of indebtedness payable more than twelve months after the date or dates thereof. In addition, under N.J.S.A. 48:5A-3(g), a cable television company is defined as anyone "owning, controlling, operating or managing a cable television system." Under N.J.S.A. 48:5A-9(b), the Board has full rights, power, authority and jurisdiction to supervise and regulate every cable television company operating within the State and its property, property rights, equipment, etc., insofar as may be necessary to carry out the purposes of the Act and to do all things whether specifically designated or in addition thereto which are necessary or convenient in the exercise of such jurisdiction.

In I/M/O the Proposed Corporate Restructuring of Certain Affiliates of Tele-Communications, Inc., Docket No. CM90121496, dated February 7, 1991 (hereinafter "TCI"), the Board concluded that it has the authority to scrutinize proposed transactions of holding companies which own,

operate or control New Jersey cable systems to ascertain that the proposed transaction will not have an adverse impact upon the financial integrity of the New Jersey cable system and to ensure that the cable system will remain in a position to provide safe, adequate and proper service. The Board further stated in that Order that its focus should not be to micro-manage the non-jurisdictional affairs of the holding company, but rather to ensure, to the extent possible, that no harm comes to the New Jersey cable system or its subscribers as a result of the proposed transaction. Id. at 7. That Order also stated that the decision as to what degree of jurisdiction or scrutiny the Board will exercise will depend upon the nature, scope and relative riskiness of a particular transaction and the degree of nexus or impact on the New Jersey cable system. Id. at 7.

Comcast is a holding company, which owns the stock of certain cable television companies operating in New Jersey. Comcast itself does not own or operate any cable television system (either here or elsewhere).

Comcast Corporation recently completed its acquisition of the cable television systems operated by subsidiaries of Lenfest Communications, Inc. That transaction was accomplished through the merger of Lenfest Communications, Inc. with and into Comcast LCI Holdings, Inc., a wholly-owned direct subsidiary of Comcast Corporation. The then-existing debt owed by Lenfest Communications, Inc. was likewise acquired by Comcast LCI Holdings, Inc. as a result of the merger. By Order dated January 6, 2000, the Board approved this transaction (Docket No. CM 99110855).

Similarly, Comcast Corporation recently acquired cable television systems operated by Jones, Intercable, Inc., which through subsidiaries, operated cable systems outside New Jersey (primarily in the Southwest and in the Maryland/ Virginia area). This acquisition was accomplished through the merger of Jones Intercable, Inc. with and into Comcast JOIN Holdings, Inc., also a wholly-owned direct subsidiary of Comcast Corporation. Again, similar to the Lenfest Communications, Inc. transaction, the debt owed by Jones Intercable, Inc. was acquired by Comcast JOIN Holdings, Inc. as a result of said merger.

In addition to certain public bond issues which existed at Comcast LCI Holdings, Inc., and Comcast JOIN Holdings, Inc., Comcast also was responsible for certain of its own public bond debt. Each of the various public bond issues contained different terms and conditions, placing a difficult and unnecessary burden and cost upon Comcast. They necessitated numerous filings and substantial documentation requirements (such as Form 10-Qs and 10-Ks with the Securities and Exchange Commission) and generated significant but avoidable costs. Thus, in an effort to rectify the situation, Comcast proposed a consolidation of the above public debt facilities. To accomplish that public debt consolidation, Comcast proposed the merger of Comcast LCI Holdings, Inc. and Comcast JOIN Holdings, Inc. with and into Comcast. By doing so, all of the former "Lenfest" and "Jones" cable systems would then fall under the Comcast "Umbrella". At the same time, Comcast proposed that a unified set of debt covenants be adopted to further simplify compliance with the bond issues.

Comcast states that the proposed mergers have no effect with respect to ultimate ownership or control of the Comcast Corporation cable operating subsidiaries in New Jersey (or, for that matter, in other states). Likewise, Comcast states that: (1) the debt consolidation and debt refinancing at the Comcast level would have no material adverse effect upon New Jersey subscribers; and (2) none of Comcast Corporation's New Jersey cable operating subsidiaries

would be guarantors of the consolidated debt, and neither the new bank debt nor liens would be placed upon their assets.

In keeping with the decision in TCI, the Board has conducted a limited review of the transactions to determine whether there is a nexus between Comcast's consummation of the transactions and the operations of its New Jersey subsidiaries. After review, the Board FINDS that there is not a sufficient nexus under the particular facts of this case to warrant a more extensive review of Comcast's filing. For this reason, Comcast's proposed merger and public debt consolidation and debt refinancing into itself does not require further Board review or action.

DATED: December 21, 2000

BOARD OF PUBLIC UTILITIES  
BY:

[SIGNED]  
HERBERT H. TATE  
PRESIDENT

[SIGNED]  
CARMEN J. ARMENTI  
COMMISSIONER

[SIGNED]  
FREDERICK F. BUTLER  
COMMISSIONER

ATTEST:

[SIGNED]  
FRANCES L. SMITH  
BOARD SECRETARY